

QUARTERLY AND YEAR END REPORT

BC FORM 51-901F (previously Form 61)

British Columbia Securities Commission

Freedom of Information and Protection of Privacy Act: The personal information requested on this form is collected under the authority of and used for the purpose of administering the *Securities Act*. Questions about the collection or use of this information can be directed to the Supervisor, Financial Reporting (604-899-6729), PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver BC V7Y 1L2 Toll Free in British Columbia 1-800-373-6393.

INSTRUCTIONS

This report must be filed by Exchange Issuers within 60 days of the end of their first, second and third fiscal quarters and within 140 days of their year end.

"Exchange Issuer" means an issuer whose securities are listed and posted for trading on the Canadian Venture Exchange and are not listed and posted on any other exchange or quoted on a trading or quotation system in Canada. Three schedules must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements prepared in accordance with generally accepted accounting principles are required as follows:

For the first, second and third financial quarters:

Interim financial statements prepared in accordance with section 1751 of the CICA Handbook, including the following: balance sheet, income statement, statement of retained earnings, cash flow statement, and notes to the financial statements.

The periods required to be presented, consistent with CICA Handbook section 1751, are as follows:

- a balance sheet as of the end of the current interim period and a comparative balance sheet as of the end of the immediately preceding fiscal year;
- a statement of retained earnings cumulatively for the current fiscal year-to-date, with a comparative statement for the comparable year-to-date period of the immediately preceding fiscal year; and
- income statements and cash flow statements for the current interim period and cumulatively for the current fiscal year-to-date, with comparative statements for the comparable interim periods (current and year-to-date) of the immediately preceding fiscal year.

For the financial year end:

Annual audited financial statements prepared on a comparative basis.

Exchange Issuers with a fiscal year of less than or greater than 12 months should refer to National Policy No. 51 *Changes in the Ending Date of a Financial Year and in Reporting Status* for guidance.

Issuers in the development stage are directed to the guidance provided in CICA Accounting Guideline AcG-11 *Enterprises in the Development Stage* that states "enterprises in the development stage are encouraged to disclose in the income statement and in the cash flow statement cumulative balances from the inception of the development stage.

Issuers that have been involved in a reverse take-over should refer to the guidance found in BCIN #52-701 (previously NIN #91/21) with respect to such transactions including the requirement for disclosure of supplementary information regarding the legal parent's prior financial operations.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. *Analysis of expenses and deferred costs*

Provide a breakdown of amounts presented in the financial statements for the following: deferred or expensed exploration, expensed research, deferred or expensed development, cost of sales, marketing expenses, general and administrative expenses, and any other material expenses reported in the income statement and any other material deferred costs presented in the balance sheet.

The breakdown should separately present, at a minimum, each component that comprises 20% or more of the total amount for a material classification presented on the face of the financial statements. All other components of a material classification may be grouped together under the heading "miscellaneous" or "other" in the cost breakdown; the total for "miscellaneous" should not exceed 30% of the total for a material classification.

Breakdowns are required for the year-to-date period only. Breakdowns are not required for comparative periods.

Issuers in the development stage are reminded that Section 3(9)(b) of the BC Securities Commission's Rules requires a schedule or note to the financial statements containing an analysis of each of exploration, research, development and the administration costs, whether expensed or deferred and if the issuer is a natural resource issuer, that analysis for each material property. Because the analysis required by Rule 3(9)(b) must be included in the financial statements, the information does not have to be repeated in Schedule B. Consistent with CICA Accounting Guidelines AcG-11, staff considers an issuer to be in the development stage when it is devoting substantially all of its efforts to establishing a new business and planned principal operations have not commenced. Further, in staff's view, the lack of significant revenues for the past two years normally indicates that an issuer is in the development stage.

2. *Related party transactions*

Provide disclosure of all related party transactions as specified in Section 3840 of the CICA Handbook.

3. *Summary of securities issued and options granted during the period*

Provide the following information for the year-to-date period:

- (a) summary of securities issued during the period, including date of issue, type of security (common shares, convertible debentures, etc.), type of issue (private placement, public offering, exercise of warrants, etc.), number, price, total proceeds, type of consideration (cash, property, etc.) and commission paid, and
- (b) summary of options granted during the period, including date, number, name of optionee for those options granted to insiders, generic description of other optionees (e.g. "employees"), exercise price and expiry date.

4. *Summary of securities as at the end of the reporting period*

Provide the following information as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements.

5. *List the names of the directors and officers as at the date this report is signed and filed.*

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

1. General Instructions

- (a) Management discussion and analysis provides management with the opportunity to discuss an issuer's business, current financial results, position and future prospects.
- (b) Focus the discussion on material information, including liquidity, capital resources, known trends, commitments, events, risks or uncertainties, that is reasonably expected to have a material effect on the issuer.
- (c) For an issuer with active ongoing operations the discussion should be substantive (e.g. generally two to four pages in length); for an issuer with limited operations the discussion may not be as extensive (e.g. one page).
- (d) The discussion must be factual, balanced and non-promotional.
- (e) Where the discussion relates to a mineral project, as defined in National Instrument 43-101 "Standards of Disclosure for Mineral Projects", the disclosure must comply with NI 43-101.

2. Description of Business

Provide a brief description of the issuer's business. Where an issuer is inactive and has no business, disclose these facts together with a description of any plans to reactive and the business the issuer intends to pursue.

3. Discussion of Operations and Financial Condition

Provide a meaningful discussion and analysis of the issuer's operations for the current year-to-date period presented in the financial statements. Discuss the issuer's financial condition as at the date of the most recent balance sheet presented in the financial statements.

The following is a list of items that should be addressed in management's discussion and analysis of the issuer's operations and financial condition. This is not intended to be an exhaustive list of the relevant items.

- (a) expenditures included in the analysis of expenses and deferred costs required under Securities Rule 3(9)(b) and Schedule B;
- (b) acquisition or abandonment of resource properties material to the issuer including material terms of any acquisition or disposition;
- (c) acquisition or disposition of other material capital assets including material terms of the acquisition, or disposition;
- (d) material write-off or write-down of assets;
- (e) transactions with related parties, disclosed in Schedule B or the notes to the financial statements;
- (f) material contracts or commitments;
- (g) material variances between the issuer's financial results and information previously disclosed by the issuer, (for example if the issuer does not achieve revenue and profit estimates previously released, discuss this fact and the reasons for the variance);
- (h) material terms of any existing third party investor relations arrangements or contracts including:

- i. the name of the person;
- ii. the amount paid during the reporting period; and
- iii. the services provided during the reporting period;

- (i) legal proceedings;
- (j) contingent liabilities;
- (k) default under debt or other contractual obligations;
- (l) a breach of corporate, securities or other laws, or of an issuer's listing agreement with the Canadian Venture Exchange including the nature of the breach, potential ramifications and what is being done to remedy it.
- (m) regulatory approval requirements for a significant transaction including whether the issuer has obtained the required approval or has applied for the approval;
- (n) management changes; or
- (o) special resolutions passed by shareholders.

4. Subsequent Events

Discuss any significant events and transactions that occurred during the time from the date of the financial statements up to the date that this report is certified by the issuer.

5. Financings, Principal Purposes and Milestones

- (a) In a tabular format, compare any previously disclosed principal purposes from a financing to actual expenditures made during the reporting period.
- (b) Explain any material variances and the impact, if any, on the issuer's ability to achieve previously disclosed objectives and milestones.

6. Liquidity and Solvency

Discuss the issuer's working capital position and its ability to meet its ongoing obligations as they become due.

How to File Under National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR)

BC Form 51-901F Quarterly and Year End Reports are filed under Category of Filing: Continuous Disclosure and Filing Type: Interim Financial Statements or Annual Financial Statements. Schedule A (Financial Statements) is filed under Document Type: Interim Financial Statements or Annual Financial Statements. Schedule B (Supplementary Information) and Schedule C (Management Discussion) are filed under Document Type: BC Form 51-901F (previously Document Type Form 61(BC)).

Meeting the Form Requirements

BC Form 51-901F consists of three parts: Instructions to schedules A, B and C, issuer details and a certificate. To comply with National Instrument 13-101 it is not necessary to reproduce the instructions that are set out in BC Form 51-901F. A cover page to the schedules titled BC Form 51-901F that includes the issuer details and certificate is all that is required to meet the BC Form 51-901F requirements. The form of certificate should be amended so as to refer to one or two of the three schedules required to complete the report.

ISSUER DETAILS		FOR QUARTER ENDED		DATE OF REPORT
NAME OF ISSUER		DEC 31, 2002		YY/MM/DD
HUDSON RESOURCES INC. (FORMERLY TEKWERKS SOLUTIONS INC.)				03/02/25
ISSUER ADDRESS				
Suite 1300 – 885 West Georgia Street				
CITY	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Vancouver	BC	V6C 3E8	(604) 688-3452	(604) 688-3415
CONTACT NAME		CONTACT POSITION		CONTACT TELEPHONE NO.
James R. Tuer		President & Director		604-688-3415
CONTACT EMAIL ADDRESS		WEB SITE ADDRESS		
tuer@hudsonresources.ca		www.hudsonresources.ca		

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED
➤ JAMES R. TUER	James Tuer	03/02/25
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED
➤ ROBERT F. CHASE	Robert F. Chase	03/02/25

HUDSON RESOURCES INC.

FINANCIAL STATEMENTS

December 31, 2002

(Unaudited – Prepared By Management)

**BC FORM 51-901F
QUARTERLY REPORT FOR PERIOD ENDED DECEMBER 31, 2002**

**Hudson Resources Inc.
BALANCE SHEET**

	<u>December 31,</u> <u>2002</u>	<u>March 31,</u> <u>2002</u>
<u>ASSETS</u>		
Current		
Cash	\$ 432,392	\$ 385,095
Accounts receivable & accrued interest	13,372	8,025
Prepaid Expense	1,859	2,673
	447,623	395,793
Mineral Properties	34,416	951
Deferred Mining Costs	11,820	
Total Assets	\$ 493,859	\$ 396,744

<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	\$ 5,248	\$ 3,027
	5,248	3,027

<u>SHAREHOLDERS' EQUITY</u>		
Share Capital	610,689	409,739
Deficit	(122,078)	(16,022)
	488,611	393,717
	\$ 493,859	\$ 396,744

Approved by the Board of Directors

"JAMES TUER"
James Tuer, Director

"ROBERT F. CHASE"
Robert F. Chase, Director

BC FORM 51-901F
QUARTERLY REPORT FOR PERIOD ENDED DECEMBER 31, 2002

Hudson Resources Inc.
STATEMENT OF INCOME

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Administrative Expenses				
Bank	20	1	75	129
Filing Fees	467	260	9,682	1,740
Management Fees	15,000	-	15,000	-
Office	1,100	-	3,120	-
Postage and printing	1,860	365	5,580	933
Professional fees (legal, accounting, sponsorship)	18,529	-	65,011	2,905
Rent	3,626	1,211	9,307	7,520
Telephone	890	481	2,042	1,568
Travel & Entertainment	-	105	29	157
Trust Company	1,472	615	3,326	1,985
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loss before other items	(42,964)	(3,038)	(113,172)	(16,937)
Other items:				
Interest income	1,905	3,703	7,116	11,537
	<u>1,905</u>	<u>3,703</u>	<u>7,116</u>	<u>11,537</u>
Net income (loss) for the period	(41,059)	665	(106,056)	(5,400)
Deficit, beginning of the period	<u>(81,019)</u>	<u>(4,364)</u>	<u>(16,022)</u>	<u>(2,661)</u>
Deficit, end of the period	<u>\$ (122,078)</u>	<u>\$ (8,726)</u>	<u>\$ (122,078)</u>	<u>\$ (8,726)</u>
Loss per share	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.02)</u>	<u>\$ (0.00)</u>

BC FORM 51-901F
QUARTERLY REPORT FOR PERIOD ENDED DECEMBER 31, 2002

Hudson Resources Inc.
STATEMENT OF CHANGES IN FINANCIAL POSITION

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Operating Activities				
Net Income (loss) for the period	\$(41,059)	665	\$(106,056)	\$(5,400)
	<u>(41,059)</u>	<u>665</u>	<u>(106,056)</u>	<u>(5,400)</u>
Changes in non-cash working capital items related to operations				
Accounts receivable	(6,501)	(3,893)	(5,347)	1,878
Accounts payable and accrued liabilities	1,620	(6,729)	2,221	(4,397)
Prepaid Expense	829	437	814	10,562
	<u>(45,111)</u>	<u>(9,520)</u>	<u>(108,368)</u>	<u>2,643</u>
Investing Activities				
Deferred Exploration Expenses	-	-	(11,820)	-
Property acquisition costs	(28,119)	-	(33,465)	-
	<u>(28,119)</u>	<u>-</u>	<u>(45,285)</u>	<u>-</u>
Financing Activities				
Issuance of common shares	200,950	-	200,950	-
	<u>200,950</u>	<u>-</u>	<u>200,950</u>	<u>-</u>
Increase (decrease) in cash during the period	127,720	(9,520)	47,297	2,643
Cash and term deposits, beginning of the period	304,672	397,951	385,095	385,788
Cash and term deposits, end of the period	<u>\$ 432,392</u>	<u>\$ 388,431</u>	<u>\$ 432,392</u>	<u>\$ 388,431</u>

BC FORM 51-901F
QUARTERLY REPORT FOR PERIOD ENDED DECEMBER 31, 2002

HUDSON RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2002

Note 1 Nature and Continuance of Operations

The Company was incorporated under the Company Act of the Province of British Columbia on March 7, 2000, as eVolution networking corp. and changed its name to Tekwerks Solutions Inc. on September 25, 2000. On December 6, 2002, the Company changed its name to Hudson Resources Inc. and began trading under the new stock symbol "HUD". The common shares of the Company began trading on the TSX Venture Exchange on February 7, 2001.

On September 30, 2002, shareholders approved the proposal to continue as a Tier 2 mining company and proceed with the exploration of a property of merit located on the west coast of Greenland.

These financial statements have been prepared by management on a going concern basis. The Company's ability to continue as a going concern is dependent upon the ability of the Company to generate profitable operations in the future and/or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

Note 2 Significant Accounting Policies

The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles in Canada. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. Actual results may differ from these estimates.

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Fair Market Value of Financial Instruments

The carrying value of cash and term deposit, accounts receivable and accounts payable approximates fair value due to the short maturity of those instruments.

(b) Loss Per Share

Loss per share has been calculated based upon the weighted average number of shares outstanding during the year.

(c) Stock-based Compensation

The Company has a share purchase option plan which is described in Note 3. No compensation expense is recognized for this plan when shares or share purchase options are issued to employees or directors. Any consideration paid by optionees on the exercise of share purchase options or purchase of shares is credited to share capital.

BC FORM 51-901F
QUARTERLY REPORT FOR PERIOD ENDED DECEMBER 31, 2002

Note 3 Share Capital

a) Authorized:

100,000,000 common shares without par value

b) Issued:	#	\$
Balance, March 31, 2000	-	-
For cash during the year		
– escrow shares – at \$0.075	1,333,334	100,000
– pursuant to a private placement – at \$0.15	1,050,000	157,500
– pursuant to an initial public offering – at \$0.15	1,500,000	225,000
Less: share issue costs	-	(72,761)
 Balance, March 31, 2001	 3,883,334	 409,739
 For Cash during the year	 -	 -
 Balance, March 31, 2002	 3,883,334	 409,739
For Cash during the period		
– pursuant to a private placement – at \$0.15	1,339,667	200,950
 Balance, December 31, 2002	 5,223,001	 610,689

c) Escrow Shares:

a) At December 31, 2002, the Company has 1,200,000 common shares held in escrow. Assuming the Company remains a Tier Two company, the following is the escrow release timetable.

Tier Two

- a) 200,000 shares to be released June 20, 2003;
- b) 200,000 shares to be released December 20, 2003;
- c) 200,000 shares to be released June 20, 2004;
- d) 200,000 shares to be released December 20, 2004;
- e) 200,000 shares to be released June 20, 2005;
- f) 200,000 shares to be released December 20, 2005.

d) Commitments:

Stock-based Compensation Plan:

The Company has granted directors and officers common share purchase options. These options are granted with an exercise price equal to the market price of the Company's stock on the date of the grant. A summary of the status of the stock option plan as of December 31, 2002 and the changes during the period ending on that date is presented below:

BC FORM 51-901F
QUARTERLY REPORT FOR PERIOD ENDED DECEMBER 31, 2002

	Shares	Weighted Average Exercise Price
Options outstanding and exercisable at beginning of the period:	388,333	\$0.15
Granted/(Cancelled)	(116,500)	\$0.15
	271,833	\$0.15

As at December 31, 2002, there are 271,833 share purchase options outstanding entitling the holders thereof the right to purchase one common share for each option held at \$0.15 per share. These share purchase options expire November 3, 2005.

Subsequent to the end of the period, on January 8, 2003, a total of 375,000 options were granted under the plan to three directors of the Company. Each option entitles the holder thereof the right to purchase one common share for each option held at \$0.15 per share. These share purchase options expire January 8, 2008.

e) Warrants:

	Warrants	Average Exercise Price	Expiry date
Warrants outstanding and exercisable at beginning of the period:	-	-	
Issued	1,339,667	\$0.20	Dec. 6, 2003
	1,339,667	\$0.20	

Note 4 Related Party Transactions

During the Quarter ended December 31, 2002, the Company incurred office rent costs of \$3,626 with a company with a common director. These charges were measured by the exchange amount which is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities. As well, management fees of \$15,000 were paid to an officer and director of the Company.

**BC FORM 51-901F
QUARTERLY REPORT FOR PERIOD ENDED DECEMBER 31, 2002**

SCHEDULE B: SUPPLEMENTARY INFORMATION

1. **Analysis of expenses and deferred costs, year to date:**

During the current year to date the major expenditures for the period were due to rent, telephone, legal, accounting, and filing fees. Please refer to the attached financial statements for a breakdown of administrative expenses. The major deferred expenditure was a \$28,119 property payment as part of the agreement to participate in the Herbert Vale option agreement.

2. **Related party transactions, year to date:**

- See Note 4 to the financial statements attached.

3. **Summary of securities issued and options granted during the period:**

Securities Issued: 1,339,667 common shares. See note 3(b).

Options Granted: None. See note 3(d).

4. **Summary of securities as at the end of the reporting period:**

Authorized Capital: 100,000,000 common shares

Number and Recorded Value for Shares Issued and Outstanding:

5,223,001 common shares at a recorded value of \$610,689

Outstanding Options:

Name of Optionee	Shares	Price	Expiry Date
James R. Tuer	116,500	\$0.15	February 7, 2006
Robert F. Chase	116,500	\$0.15	February 7, 2006
Gia-Van Tran	38,833	\$0.15	February 7, 2006

Outstanding Warrants:

1,339,667 warrants outstanding exercisable at \$0.20 per share until December 6, 2003. See Note 3(e).

Shares in Escrow or Pooling Agreements:

1,200,000 common shares are held in escrow in accordance with the policies of the TSX Venture Exchange. See Note 3(c).

5. **List of Directors**

James R. Tuer	John Hick	Robert F. Chase	John Ferguson
<i>Vancouver, B.C.</i>	<i>Toronto, ON</i>	<i>West Vancouver, B.C.</i>	<i>Carwoola, NSW</i>

BC FORM 51-901F
QUARTERLY REPORT FOR PERIOD ENDED DECEMBER 31, 2002

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Description of Business

The Company is Tier 2 Junior Resource company. During the period, the Company obtained all approvals to obtain this status and ceased to be a Capital Pool Company. The Company's primary business is to explore for diamonds in Greenland. The Company has also entered into an agreement to explore a base metals and silver prospect at the Herbert Vale meteor impact site in Queensland, Australia.

Discussion of Operations and Financial Condition

Apart from completing regulatory requirements to begin operations as a Tier 2 company, Hudson also worked to advance its diamond project in Greenland and entered into an agreement to option the Herbert Vale meteor impact site base metal and silver project.

Hudson is now in receipt of the hyperspectral survey data from GEUS, the geological survey of Denmark and Greenland. The data is currently being processed by Ekwan Hyperspectral of Toronto. By matching the spectral signature of kimberlite with each 5 metre pixel of data retrieved by the survey (covering the bulk of the 850 square kilometer Naajat exploration license), the Company hopes to identify kimberlite occurrences on the surface. These are likely to be in the form of Kimberlite float and in situ dykes and pipelike structures. The Company is already aware of the locations of kimberlite float and in situ dikes which can be analyzed and the results extrapolated to find other kimberlite occurrences.

During the period, Hudson entered into an agreement with Tracker Resources NL (A wholly owned subsidiary of Macarthur Diamonds Limited) to earn a 50% working interest in the Herbert Vale meteor impact site base metal prospect located in the Mount Isa Inlier, Queensland, Australia. In order to earn its' interest, Hudson was required to pay for the first years rental payment on the property of AUD\$31,722 (C\$28,119) and will cover the first years minimum exploration expenditures, as defined by the Queensland Department of Natural Resources and Mines, of AUD\$100,000. The agreement has been approved by the TSX Venture Exchange.

The Herbert Vale site is located approximately 60 km south-west of the Century mine, owned by Pasminco Limited. The Exploration permit (EPM 13638) totals 304 Sub-Blocks, representing an area of approximately 778 square kilometers (28 kms by 28 kms). The Century Mine, occurring in the Lawn Hill circular structure, is one of the largest lead-zinc-silver mines in the world. Dr. John Ferguson, a director of Hudson, believes that Lawn Hill is also a meteor impact site. Both structures are about 25 kilometres in diameter.

A feature of large impact sites is that the central core is uplifted so that rocks that would normally be buried at great depths are now exposed at surface in the collar rocks. As a result, conductive geophysical techniques (EM) are likely able to identify any base metal deposits that would otherwise be too deep to be found. The Herbert Vale structure is overlain by a thin cover of platform sediments. The Company is looking into employing the Hoist-EM airborne geophysical system, developed by Normandy Mining and delivered by GPX Airborne Geophysical Services, as an initial

BC FORM 51-901F
QUARTERLY REPORT FOR PERIOD ENDED DECEMBER 31, 2002

phase to the program. The proposal is to fly initial wide line spacing and backtrack for closer spacing based on any significant hits. Ground based geophysics would be employed to follow up any positive results from the helicopter survey.

Hudson has decided to pursue this project because of the 1) sound, untested geologic model, 2) the 'closeology' of a world class mine occurring in the highly mineralized Mount Isa Inlier, 3) the diamond potential that exists in addition to the primary target (ie. surrounding tenements are held by major diamond companies and the Merlin deposit lies some 300 km's to the north-west), and 4) the fact that project exploration can be undertaken year round - as an offset to the Company's Greenland Diamond project.

The Company completed the raising of \$200,950 by way of non-brokered private placement during the period. As a result, working capital as of December 31, 2002, was \$442,375. The private placement consisted of 1,339,667 units at \$0.15 per unit (each unit consisting of one common share and one share purchase warrant exercisable at \$0.20 per share for a period of one year.

The company incurred costs related to this endeavor which are shown on the attached Income Statement and Balance Sheet and Notes to the Financial Statements. There were no investor relations arrangements entered into during the period. There were no transactions with related parties other than as disclosed in Schedule B Note 4. There also were no legal proceedings, contingent liabilities, defaults under debt or other contractual obligations, breach of any laws or special resolutions during the period.

Subsequent Events

Other than as disclosed above and in Note 3(d) of the financial statements, there were no significant events after December 31, 2002.

Financings, Principal Purposes and Milestones

As discussed above, the Company completed its previously announced private placement of 1,339,667 Units at \$0.15 per unit raising and additional \$200,950 for the Company. These proceeds, together with existing capital in the Company will be used to advance its exploration projects. The Company expects to launch an airborne geophysical program at Herbert Vale within the next few months and be on the ground in Greenland by the end of June to collect and process kimberlite samples which have been identified by the hyperspectral analysis.

Liquidity and Solvency

As at December 31, 2002, the Company had working capital of \$442,375. As of the date of this report, working capital is approximately \$420,000. Management believes that these funds are sufficient to meet all current commitments and obligations.

ON BEHALF OF THE BOARD OF DIRECTORS

“James Tuer”

James Tuer, Director

Vancouver, British Columbia

February 25, 2003